

DEFENSE LOGISTICS AGENCY



DCMC LEGAL ISSUES

DCMC 1999 ACO/TCO
Conference

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BACKGROUND

- Consolidation of Defense Industry
- Emergence of Significant Cost Allowability Issues
- Precedent-setting and High Dollar Cases
- DCMC Legal Practice Group Established



PENSION COST LITIGATION

- Legal Issues Involve Overfunded and Underfunded Contractor Pension Plans
- Significant Cases Pending Before Court of Federal Claims
 - Teledyne
 - General Electric
- New Cases Emerging
- Justice Department's Role



ENVIRONMENTAL LITIGATION

- Lockheed Martin Lawsuit Pending
 - Federal District Court (CA)
 - \$500 Million Claim under Environmental Laws
 - Settlement Negotiations Ongoing
 - Related DoD Contract Claims



ENVIRONMENTAL COST LITIGATION (cont.)

- Related California State Court Litigation
 - Involves Lockheed Martin's Insurers
 - Cases may impact a contractor's ability to obtain insurance proceeds and credit DoD contracts
 - Government's provisional payments to contractors at issue



CONTRACTOR STATE TAX REFUNDS

- Basis for Government's Entitlement to Refunds
 - FAR Credits and Taxes Cost Principles
 - FAR Contract Clauses (Taxes)
- Contractor Challenges to Government's Claim of Entitlement
 - Hughes Aircraft
 - General Dynamics